

Kennecott Corp. v. Kyocera International Inc. (CA FC) 5 USPQ2d 1194

Kennecott Corp. v. Kyocera International Inc.

U.S. Court of Appeals Federal Circuit
5 USPQ2d 1194

Decided December 22, 1987
No. 87-1151

Headnotes

PATENTS

**1. Practice and procedure in Patent and Trademark Office -- Prosecution -- Filing date
(§ 110.0906)**

Patentability/Validity -- In general (§ 115.01)

Patentability/Validity -- Adequacy of disclosure (§ 115.11)

Grant of summary judgment to patent infringement defendant on grounds that patent holder's ceramic product patent was invalid under patentability bar of being "on sale" prior to application date under 35 USC 102(b), is error since earlier application for parent patent inherently described property of equiaxed microstructured ceramic product by its disclosure, and, despite not specifically naming such ceramic product, complies with 35 USC 120 and 112 for purposes of claiming benefit of earlier prior-to-sale application filing date of parent patent, and thus plaintiff's ceramic product patent is valid.

Particular patents -- Chemical -- Ceramic body

4,179,299, Coppola, Hailey and McMurtry, sintered alpha silicon carbide ceramic body having equiaxed microstructure, a crystal structure whose submicron grain sizes of silicon carbide are not highly elongated, do not have exaggerated grain growth, and are within a maximum-minimum dimension ratio of less than 3:1, holding of invalidity reversed.

Case History and Disposition:

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Appeal from the U.S. District Court for the Southern District of California, Rhoades, J. 2 USPQ2d 1455 .

Plaintiff, Kennecott Corp., brought patent action against Kyocera International Inc. and Kyoto Ceramic Co. Ltd. From grant of summary judgment to defendant holding plaintiff's patent invalid, plaintiff appeals. Reversed.

Attorneys:

Clyde F. Willian (Willian Brinks Olds Hofer Gilson & Lione, Jack C. Berenzweig, and Raymond W. Green, with him on brief), Chicago Ill., for plaintiff-appellant Kennecott Corp.

Paul L. Gardner (Spensley Horn Jubas & Lubitz, Stuart Lubitz, Saul Epstein, and David L. Henty, with him on brief), Los Angeles, Calif., for defendants-appellees Kyocera International Inc. and Kyoto Ceramic Co. Ltd.

Judge:

Before Markey, Chief Judge, and Davis and Newman, Circuit Judges.

Opinion Text

Opinion By:

Newman, Circuit Judge.

Kennecott Corporation appeals the final judgment of the United States District Court for the

Southern District of California, 1 in which the district court granted summary judgment to the defendants Kyocera International and Kyoto Ceramic Co., Ltd. (together "Kyocera"), holding that United States Patent No. 179, 299 ("the '299 patent") is invalid in terms of the "on sale" bar of 35 U.S.C. §102(b). Kennecott's claim of patent infringement was dismissed. We reverse.

The Controlling Question

The judgment of invalidity turned on the sole question of whether the claims of the '299 patent are entitled, as a matter of law, to the benefit of the filing date of its parent patent application which eventually issued as U.S. Patent No. 4,312,954 ("the '954 application"), filed on June 5, 1975. If so entitled, the sales events in 1977 can not effect an invalidity bar. If not so entitled, Kennecott admits that its sales activities occurred more than one year before May 1, 1978, the filing date of the continuation-in-part application that issued as the '299 patent.

Background

On summary judgment all facts material to the result must be either undisputed or, if disputed, must be resolved in favor of the party opposing summary judgment. *Litton Industrial Products, Inc. v. Solid State Systems Corp.*, 755 F.2d 158, 163, 225 USPQ 34, 37 (Fed. Cir. 1985). Rule 56, Fed. R. Civ. Proc. The question of the sufficiency of the disclosure of the '954 application to support the '299 claims is a matter of law based on underlying facts. All facts material to the issue are here deemed undisputed, based on admissions by Kyocera for the purpose of its motion for summary judgment.

Kyocera states in its brief on appeal that it did not concede or admit all the facts that Kennecott says it did. The district court found, however, that:

Finding 11. For the purposes of this Motion only, the material facts set forth in all of the affidavits and in all of the exhibits submitted by plaintiff in opposition to Defendants' Motion, are undisputed by defendants.

Kyocera has not assigned error to this finding, and it is bound thereby.

The continuation-in-part '299 application contains a substantial part of the disclosure of the '954 parent application, plus a description of and photomicrographs showing the

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equiaxed microstructure. 2 It is not disputed that the photomicrographs were of the product made and described in the '954 application, and produced in the original examples.

The '299 patent claims contain the words "equiaxed microstructure" that were not present in the '954 specification and claims. This is the only difference at issue. '299 patent claim 1 is representative:

1. A sintered ceramic body consisting essentially of:

(a) from about 91 to about 99.85% by weight silicon carbide, wherein at least 95% by weight of the silicon carbide is of the alpha phase;

(b) up to about 5.0% by weight carbonized organic material;

(c) from about 0.15 to about 3.0% by weight boron; and

(d) up to about 1.0% by weight additional carbon;

and having a predominantly equiaxed microstructure.

Pertinent undisputed or conceded facts include the following:

the high (over 95%) alpha silicon carbide ceramic body that is described in the '954 application has an equiaxed microstructure;

the '954 application does not mention the equiaxed microstructure of the high-alpha silicon carbide ceramic body, nor state the requirements for forming such microstructure;

the inventors knew that the high-alpha silicon carbide ceramic body had an equiaxed microstructure, and it was known that ceramics from high-alpha silicon carbide could have this structure;

examples 1-30 in the '954 application, all the examples using high-alpha silicon carbide, all produce a ceramic body having an equiaxed microstructure;

the method set forth in the '954 application using the high-alpha silicon carbide invariably produces a ceramic product having an equiaxed microstructure.

Kennecott asserts that the equiaxed microstructure is inherent in the structure produced in the '954 application, and that the '299 claims, which specifically name the equiaxed structure, therefore enjoy the benefit of the earlier filing date. Kennecott also asserts, and Kyocera denies, that Kyocera conceded the question of inherency in the course of conceding all disputed facts on its motion for summary judgment.

It is apparent that Kyocera conceded the factual premises 3 of inherency by conceding that examples 1-30 produced, without undue experimentation, a product having an equiaxed microstructure. What is disputed is the legal implication of this inherent production of an equiaxed product.

The district court concluded that for the '954 specification to meet the written description requirement, one reading the specification must know from the "four corners" of the document, without recourse to information outside the specification, that the ceramic product has an equiaxed microstructure. The district court held that the specification of the '954 application met the enablement requirement of section 112 but not the written description requirement, and thus that it was immaterial that the product disclosed in the '954 application was the same as that

claimed in the '299 patent.

Discussion

For the '299 claims to receive the benefit of the '954 application's filing date, 35 U.S.C. § 120 requires, *inter alia*, that the invention of the claims be disclosed in the '954 specification in the manner required by 35 U.S.C. § 112, first paragraph, which provides:

§ 112 ¶1: The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

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The purpose of section 112, first paragraph, is to ensure that there is an adequate disclosure of the invention for which patent rights are sought. The purpose of the description requirement of this paragraph is to state what is needed to fulfill the enablement criteria. These requirements may be viewed separately, but they are intertwined.

The incorporation of the requirements of section 112 into section 120 ensures that the inventor had possession of the later-claimed invention on the filing date of the earlier application. *In re Edwards* , 568 F.2d 1349, 1351, 196 USPQ 465, 467 (CCPA 1978). The written description must communicate that which is needed to enable the skilled artisan to make and use the claimed invention. A description that does not meet this requirement is legally insufficient. *In re Wilder* , 736 F.2d 1516, 1520, 222 USPQ 369, 372 (Fed. Cir. 1984), *cert. denied* , 469 U.S. 1209 (1985).

It was undisputed that the only written description in the '299 application that was not present in the original '954 disclosure was the description and pictures of the product's microstructure. Kennecott points to authority that the added description of a property of a previously disclosed product does not deprive claims to that product of the benefit of a prior disclosure of the product. Kyocera responds that because the '954 specification is silent as to the microstructure of the product, and because one would not know whether the product had an equiaxed microstructure merely by reading the specification, the specification is inadequate in law to support claims that require an equiaxed microstructure. Kyocera also asserts that the equiaxed microstructure is not obtained without physical manipulation of the process of the '954 application, and that any concession it may have made as to production of an equiaxed product is limited to the specific conditions used in examples 1-30 of the '954 specification.

Taking the last contention first, it was admitted that the products of examples 1-30 have the equiaxed microstructure, and that one skilled in this art could readily determine the

microstructure of the product. Kyocera's arguments on appeal as to the need for manipulation of conditions are contravened in the affidavit evidence referred to in Finding of Fact 11, *supra*. We conclude that it was established before the district court that the high-alpha products of the '954 application have the equiaxed microstructure.

On the issue of sufficiency of the earlier disclosure, the body of precedent teaches that the legal conclusion depends on the particular facts. In *In re Edwards* the court considered a chemical compound that was not described in the earlier application, and stated that the earlier and later applications need not use the identical words, if the earlier application shows the subject matter that is claimed in the later application, with adequate direction as to how to obtain it. The court observed that the chemical reactions described in the earlier filing "will inherently produce, as the predominant component, the [later claimed] compound". 568 F.2d at 1352, 196 USPQ at 467. The facts in *Edwards* are strongly analogous to those herein, for Kennecott's '954 examples 1-30 all produce a ceramic that has an equiaxed structure.

The facts before us are not like those discussed in *In re Ruschig*, 379 F.2d 990, 154 USPQ 118 (CCPA 1967), referred to by the district court, but are analogous to those discussed in *In re Reynolds*, 443 F.2d 384, 170 USPQ 94 (CCPA 1971). In *Reynolds* the question was whether words describing a function that was inherent in the claimed product could be added to the specification by amendment, or whether such description was "new matter". The court cited with approval the holding in *Technicon Instruments Corp. v. Coleman Instrument, Inc.*, 225 F.Supp. 630, 640-41, 150 USPQ 227, 236 (N.D. Ill. 1966), *aff'd*, 385 F.2d 391, 155 USPQ 369 (7th Cir. 1967), that:

By disclosing in a patent application a device that inherently performs a function, operates according to a theory, or has an advantage, a patent applicant necessarily discloses that function, theory, or advantage even though he says nothing concerning it.

Quoted at 433 F.2d at 389, 170 USPQ at 98. It was concluded that the express description of the inherent property, since not "new matter", could be added to the specification with effect as of the original filing date.

The Court of Customs and Patent Appeals has long recognized that an invention may be described in different ways and still be the same invention. In *In re Kirchner*, 305 F.2d 897, 904, 134 USPQ 324, 330 (CCPA 1962), the court held that compliance with section 120

does not require that the invention be described in the same way, or comply with section 112 in the same way, in both applications.

Id. In *Kirchner* the court authorized the addition to the specification of descriptive matter concerning the use of the compounds without loss of the parent application's filing date. In the '299 patent, by contrast, the additional material was added not only to the specification, but to the claims. Thus Kyo

ceras argues that it is immaterial that the product in the '299 claims is inherently the same as that produced in the '954 application, because unlike *Kirchner* the '299 claims include the new descriptive matter.

The Court of Customs and Patent Appeals did not adopt the position that is now urged by Kyocera. In *In re Nathan*, 328 F.2d 1005, 1008-09, 140 USPQ 601, 604 (CCPA 1964), the court held that the later-added limitation to the claims of the compound's alpha orientation was "an inherent characteristic" of the claimed subject matter, and reversed a new matter rejection. The *Nathan* court explained that "a subsequent clarification of or a change in an original disclosure does not necessarily make that original disclosure fatally defective." *Id.* at 1008, 140 USPQ at 603.

Kennecott argues that Kyocera is pressing the position rejected in *Kirchner*, wherein the court cautioned that it is necessary to avoid confusing "the invention itself which is the subject matter claimed . . . with one of the factors which is taken into consideration in determining whether the invention is or is not patentable from the standpoint of meeting 35 U.S.C. 103." *Id.* at 903-04, 134 USPQ at 329-30. The *Kirchner* court held that it was not required "that a parent case disclose the same utility as a later application to entitle the latter to the benefit of the filing date of the parent." *Id.* at 904, 134 USPQ at 330. In the case at bar the additional description was not of a new use, but of the existing physical structure of the product. On the basis of this precedent, the inclusion of the existing microstructure as a descriptive term in the '299 claims does not cause the '299 claims to lose their entitlement to the date of the first-filed '954 application.

The district court relied on *Langer v. Kaufman*, 465 F.2d 915, 918, 175 USPQ 172, 174 (CCPA 1972). In *Langer* the diffraction pattern specifically recited in an interference count was not expressly described in the specification. The court held, "To prove inherency, the burden is on appellants to show that the 'necessary and only reasonable construction to be given the disclosure by one skilled in the art is one which will lend clear support to . . . [this] positive limitation in the interference count.'" *Id.* (emphasis omitted) (quoting *Binstead v. Littmann*, 242 F.2d 766, 770, 113 USPQ 279, 282 (CCPA 1957)). The issue in *Langer* was entitlement to the benefit of constructive reduction to practice, which the court denied despite evidence that one of the experiments, Run E, produced the claimed diffraction pattern. The court has generally applied this standard of the "necessary and only reasonable construction" as a basis for determining whether an application could, on the basis of an inherent property, support a limitation in an interference count. See, e.g., *Wagoner v. Barger*, 463 F.2d 1377, 1380, 175 USPQ 85, 86-87 (CCPA 1972); *Snitzer v. Etzel*, 531 F.2d 1062, 1076, 189 USPQ 415, 419 (CCPA 1976). This standard, arising in the interference context, is consistent with that of the other cases on the issue of compliance with section 112, first paragraph.

[1] In this case, the invention of the '299 claims is a ceramic product. That product is the same as the product in the '954 application, and has the same structure. It was conceded that anyone with a microscope would see the microstructure of the product of the '954 application.

The disclosure in a subsequent patent application of an inherent property of a product does not deprive that product of the benefit of an earlier filing date. Nor does the inclusion of a description of that property in later-filed claims change this reasonable result.

We conclude that the district court erred in holding that the '299 claims were not entitled to the '954 filing date.

REVERSED

Footnotes

Footnote 1. *Kennecott Corporation v. Kyocera International, Inc. and Kyoto Ceramic Co., Ltd.* , No. 80-0516 R(M) (S.D. Calif. Dec. 17, 1986).

Footnote 2. "Equiaxed microstructure" is the crystal structure of the silicon carbide in submicron size grains that are not highly elongated and that do not have exaggerated grain growth. As defined in the '299 patent the ratio of the maximum dimension of the grains to the minimum dimension is less than 3:1.

Footnote 3. Kyocera raises on this appeal factual issues that appear to contradict its concessions before the district court, including issues related to Kennecott's representations to the patent examiner in prosecuting the '299 application. However, it is too late in the proceeding for Kyocera to retreat from its blanket concession of the factual issues.

- End of Case -

In re Wright (CA FC) 9 USPQ2d 1649

In re Wright

U.S. Court of Appeals Federal Circuit
9 USPQ2d 1649

Decided January 24, 1989
No. 88-1521

Headnotes

PATENTS

1. Patentability/Validity -- Adequacy of disclosure (§ 115.12)

Original specification for method of forming images using photosensitive microcapsules supports amended language of claims requiring that microcapsules be "not permanently fixed" to underlying surface, and therefore meets description requirement of 35 USC 112, since specification, which describes removal of microcapsules from surface and warns that capsules not be disturbed prior to formation of image, unequivocally teaches absence of permanently fixed microcapsules.

2. Patentability/Validity -- Obviousness -- References and claims as whole (§ 115.0904)

Claims for method of forming images which were amended to require use of photosensitive microcapsules "not permanently fixed" to support surface are not obvious in view of prior patent employing free flowing microcapsules, since prior patent, when read as whole, does not suggest using microcapsules in any manner other than by coating them on support surface with aid of binder.

Case History and Disposition:

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Appeal from decision of the Board of Patent Appeals and Interferences.

Application of Richard F. Wright, serial no. 770,538, filed Aug. 8, 1985. From decision of the Board of Patent Appeals and Interferences affirming examiner's rejection of application, applicant appeals. Reversed.

Attorneys:

Mark P. Levy (Richard H. Sayler and Smith & Schnacke, with him on brief), Dayton, Ohio, for appellant.

Harris A. Pitlick (Fred E. McKelvey, solicitor and Charles A. Wendel, associate solicitor, with him on brief), for appellee.

Judge:

Before Bennett, senior circuit judge, and Friedman and Rich, circuit judges.

Opinion Text

Opinion By:

Rich, J.

This appeal is from the decision of the United States Patent and Trademark Office (PTO) Board of Patent Appeals and Interferences (board) affirming the examiner's rejection of claims 1-20, all the claims of application serial No. 770,538, filed August

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28, 1985 for "Method for Forming Images Using Free Flowing Photosensitive Microcapsules." We reverse.

All claims have been treated by both the PTO and appellant Wright as a group and stand

rejected on two distinct grounds: (1) obviousness under 35 U.S.C. §103 in view of the disclosures of U.S. patents to Macaulay, No. 3,016,308, and Sanders, No. 4,440,846, the latter being assigned to the Mead Corporation, Dayton, Ohio, assignee of Wright's application at bar, the real party in interest; and (2) a rejection based on 35 USC 112 and predicated on the addition to all three independent claims as originally filed of an identical limitation, in order to distinguish the invention from prior art. The PTO contends the limitation is not supported by the specification. This limitation is shown in *italics* in illustrative claim 1 reproduced below.

There are three independent claims, 1, 6, and 13, the rest of the 20 claims being variously dependent. The rejections do not necessitate any separate consideration. Claim 1 in its present form reads (emphasis ours):

1. A method for forming images which comprises:

depositing a uniform layer of photosensitive microcapsules on the surface of a support, said microcapsules being in the form of a free-flowing powder *which is distributed upon said support but not permanently fixed thereto, said microcapsules* comprising a discrete capsule wall containing a photosensitive composition and said microcapsules having associated therewith an image-forming agent,

image-wise exposing said layer of photosensitive microcapsules to actinic radiation,

subjecting said layer of microcapsules to a uniform rupturing force such that said microcapsules rupture and image-wise release said internal phase, and

removing microcapsules from said support.

In the application as filed, claim 1 was exactly the same except that the word "and" took the place of the emphasized clause, which was added later. The examiner's §112 rejection was explained by him in his Answer on appeal to the board as follows:

It is the position of the examiner that new limitation to microcapsule having term "not permanently fixed" is not supported in the disclosure and therefore is a new matter. The words "not permanently fixed" do not appear in the specification as originally filed and it is questionable whether appellant's specification, unequivocally teaches the absence of permanently fixed microcapsules.

This is the rejection under §112 which the board sustained but in doing so it added its own thinking in a somewhat different vein:

We shall sustain this rejection. We agree with appellant that the invention claimed does not have to be described in *ipsis verbis* in order to satisfy the description requirement of §112. [case omitted] Nonetheless, the question remains as to whether the meaning of "not permanently fixed thereto" is sufficiently described in the specification to inform the public what said language is intended to encompass. From our review of

the present disclosure, we are convinced that this limitation is subject to different interpretations and the specification is devoid of adequate guidelines to direct the public to the correct meaning. In this connection, it will be noted that the disputed terminology is not limited to a *temporary* positioning of the microcapsules on the support, but would include a relatively protracted, but "not permanent", bonding of the microcapsules to the support.

Despite the self-evident differences between what the examiner said and what the board said, the board did not suggest that it was making a new rejection under 37 CFR 1.196(b).

Although the examiner did not mention "the description requirement of §112," the board apparently took that to be the true basis of the examiner's rejection, notwithstanding the fact that its own reasoning partakes more of the notion that "not permanently fixed" is either vague and indefinite or of indeterminate breadth. But these were not stated to be grounds of rejection.

The brief for the Solicitor of the PTO, in the three pages devoted to the §112 rejection, repeats what the board said and attempts to clarify it by saying:

he inquiry is whether [an] artisan is made aware from the description in appellant's specification that he regarded as part of his invention -- and so described in the specification -- the concept that the microcapsules are "not permanently fixed."

And again:

The present case does not involve a breadth-description matter; the present case involves a definition-description matter, i.e., whether the specification describes the invention in a way to justify the manner in which it is now claimed.

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The Section 112 Rejection

When the scope of a claim has been changed by amendment in such a way as to justify an assertion that it is directed to a *different invention* than was the original claim, it is proper to inquire whether the newly claimed subject matter was *described* in the patent application when filed as the invention of the applicant. That is the essence of the so-called "description requirement" of §112, first paragraph, which opens with the words: "The specification shall contain a written description of the invention . . ." The invention is, necessarily, the subject matter defined in the claim under consideration. The question arises in a variety of situations some of which are catalogued in *In re Smith* , 481 F.2d 910, 914, 178 USPQ 620, 624 (CCPA 1973). As our predecessor court said in that case:

The specification as originally filed must convey clearly to those skilled in the art the information that the applicant has invented the specific subject matter later claimed. In re

Ruschig, *supra*, 54 CCPA at 1559, 379 F.2d at 996, 154 USPQ at 123. When the original specification accomplishes that, regardless of *how* it accomplishes it, the essential goal of the description requirement is realized.

In deciding the issue, the specification as a whole must be considered.

As also pointed out in *Smith* and as admitted by the board, "the claimed subject matter need not be described in haec verba in the specification in order for that specification to satisfy the description requirement." The fact, therefore, that the exact words here in question, "not permanently fixed", are not in the specification is not important. From the wording of the examiner's rejection it would seem that he did not know that; at least he wanted to be shown an "unequivocal teaching" that the microcapsules are not permanently fixed. The board, on the other hand, launched into a discussion of whether the *meaning* of the words is clear and whether the specification contains "guidelines" as to what they mean. It felt the words were open to "different interpretation", which goes to the *scope* of the phrase rather than support for it. We deem this to be an irrelevant inquiry. These are common, garden variety words known to every English-speaking person. The Associate Solicitor who argued this appeal (who was not the author of the brief) said he had no difficulty understanding their meaning, nor do we.

[1] We have read the specification, in the light of which all that the claims say must be construed, and we have considered it against the background of the prior art partially shown by the references relied on. We are fully convinced that the process of the claims, containing the words "not permanently fixed", is described in the specification.

The method disclosed in both words and drawings comprises four manipulative steps: 1. microcapsules in the form of a free-flowing powder are *deposited* on a support; 2. the layer of powder is *exposed* to actinic radiation; 3. the powder layer is subjected to a *rupturing* force; 4. the capsules are *removed* from the support. When rupturing takes place it is done against a "web" such as a sheet of paper to which the image is transferred and the specification's examples warn that until the image is formed, by the rupture, it is important that the microcapsules not be disturbed so as to change their position, showing that they are not permanently fixed on their support at that time. The 4th or last step in the method is removing the microcapsules from the support on which they were deposited as a free-flowing powder, the removal being by "wiping, brushing, and/or using vacuum means." In one embodiment of the invention, the support is an electrically charged drum such as is used in xerographic office copiers; the powder being "cascade coated" onto the drum. The specification says that in such case the removal step can be accomplished simply by discharging the drum surface. The drawing for that embodiment shows a "cleaner means 40" which removes powder from the drum following the rupturing step, removing both "the ruptured and unruptured microcapsules."

All of this convinces us that it is of the essence of the original disclosure that the microcapsules are "not permanently fixed" to their various supports. The examiner was therefore wrong in his underlying premise that the limitation added to the claim by amendment contained "new matter." The specification does unequivocally teach the absence of permanently fixed microcapsules. The §112 rejection was clearly erroneous and cannot stand. There is clear

compliance with the description requirement.

The §103 Obviousness Rejection

In rejecting all claims under §103 on Sanders in view of Macaulay, the examiner said in his Answer, in response to appellant's argument:

The Examiner's conclusion of obviousness is not based on what the individual references themselves suggest, but [on] what logic and scientific reasoning taken with

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the combination of reference disclosures taken as a whole have suggested to one of ordinary skill in the art.

Whatever that unusual statement, quoted by the board without any suggestion of criticism, may be taken to mean, the board proceeded to make its own interpretations of Sanders and Macaulay. In discussing Sanders, the board begins with the statement, "we appreciate that the patentee [Sanders] does not disclose the use of free-flowing capsule powders to prepare his coating." The board makes no effort to establish obviousness on the basis of Sanders alone and the Solicitor takes the same position, stating in footnote 8 of his brief, "The rejection has always been based upon a combination of Sanders and Macaulay under 37 U.S.C. §103." The examiner's expressed view of Sanders is stated in his Answer as follows:

The Examiner asserts that . . . Sanders et al '846 teach a method for forming images which comprises exposing a layer of Photosensitive microcapsules on the surface of the substrate and that *it differs from the claimed invention in having precoated imaging sheets with microcapsules rather than photosensitive microcapsules coated on a support as a free-flowing powder* . [Emphasis ours.]

Both the examiner and the board having looked to Macaulay's disclosure as suggesting to those skilled in the art the use of the microcapsules in appellant's claimed process in the form of a free-flowing powder upon a support, not permanently attached thereto and finally removed, our principal task is to examine Macaulay, particularly the portions specifically relied on.

Macaulay is a fairly early patent in this relatively recent art. Application was filed in 1957 and the patent issued in 1962. Its title is "Recording Paper Coated with Microscopic Capsules of Coloring Material. Capsules and Method of Making." The recording paper product came to be known as "carbonless paper," referred to in the specification at bar. We judicially notice its widespread current use in manifold business forms in which the colorless coating on the back of a form causes writing to appear on an underlying sheet when the one above it is written on with a pencil or ball-point pen. The coating consists of microcapsules which are ruptured by the writing pressure to release a color-former. That is what Macaulay describes. First he describes how to make microcapsules and then he describes making his "recording paper" by coating paper with the microcapsules with the aid of a variety of binders.

[2] We have carefully read every word of the Macaulay specification, paying particular attention to the passages relied on by the examiner, the board, and the Solicitor. Our conclusion is that nowhere does Macaulay suggest using microcapsules, which necessarily are in the form of a free-flowing dry powder to begin with, except by coating them on a sheet of paper or similar web material with the aid of a binder. We also conclude that the PTO's attempt to show the contrary consists of taking statements wholly out of context and giving them meanings they would not have had to one skilled in the art having no knowledge of appellant's invention, or to anyone else who can read the specification with understanding.

The first passage cited by the PTO is the second of five "objects" of the invention. (Col. 2, lines 62-67) It reads:

It is another object of this invention to provide a substantially dry free-flowing powder of microscopic discrete capsules of marking fluid which may be applied to paper in a variety of ways and which *does not require an aqueous coating system* in preparing a pressure-sensitive copying material from the capsules. [Our emphasis.]

Both the examiner and the board attempt to use the emphasized words to support the patently absurd notion that Macaulay is suggesting the making of a recording paper having a transfer coating, which the patent states to be one purpose of the invention, by sprinkling dry powder on a piece of paper. What they overlook or purposely ignore is that the specification, before stating the above object, contains a long passage decrying the use of *aqueous* coatings on paper because of their many disadvantages. What the passage is saying is that various binder systems *other than aqueous* may be used with Macaulay's capsules and when he comes to describing them he names several, all of which are used to "affix" the microcapsules to the sheet of paper or whatever.

The next passage, relied on only by the board, is at col. 7, lines 60 et seq. where, the board says, "Macaulay addresses the important advantages of the free-flowing capsule powders of his invention." It reads:

Among the important advantages of the free-flowing capsule powders of the invention is the extreme flexibility and versatility in the manner in which they may be applied to web material, such as paper, to provide a pressure sensitive copying material having a coating of the rupturable capsules according to the invention which permits copying.

About this, the board said:

Although Macaulay also discloses that the powders may be applied to a surface having a binder material, to adhere the cap

appellant's suggestion that a binder coating is essential.

The argument falls of its own weight since every copying material disclosed in the reference has a binder; but it is also interesting to note that the passage the board relied on follows directly after this short paragraph:

A coating of capsules and binder weighing 1 to 6 lbs., and preferably 2 lbs., per 500 sheets of 20" x 30" paper in which 50 to 95% of the weight of the coating consists of capsules has been found to be satisfactory.

The board's view of the "overall disclosure of the reference" is simply insupportable. Immediately after the sentence about versatility on which the board relied, the specification goes on for at least 30 lines to explain the great variety of *binders* which may be employed, explaining once again that *aqueous* binders can be avoided. Nowhere is the omission of a binder even hinted at as a possibility.

The Solicitor's brief says "Examples I, III, and VI of Macaulay show that one can achieve the desired imaging from microcapsules without having to bond them to a support layer." They show no such thing. They are simply examples of how to make the microcapsules and contain brief general statements at the end of each example on the color of the mark which is produced when the capsules are used as the patentee intends. They do not undertake to describe the application of the capsules to paper. Furthermore, this is a new argument by the Solicitor not presented to the board.

For the above reasons, we find the §103 rejection to be in error.

Conclusion

The decision of the board affirming the examiner's rejection of claims 1-20 of application serial No. 770,538 is *reversed*.

REVERSED

- End of Case -